

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

THE BAHAMAS

**LAND USE, POLICY AND ADMINISTRATION PROJECT
—LUPAP—**

(BH-L1001)

LOAN PROPOSAL

This document was prepared by the Project Team comprised by Cesar Falconí (RE3/EN3), Leader; Fernando Bretas (RE3/EN3); Sergio Campos (RE3/EN3); Diego Buchara (LEG/OPR); Trevor Boothe (COF/CBH); Kevin Barthel (Consultant). Giovanna Mahfouz (RE3/EN3) was in charge of document production.

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ELECTRONIC LINKS AND REFERENCES	
Acronyms:	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=351703
Basic Socioeconomic Data:	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Status of Loans in Execution & Loans Approved:	http://ops/Approvals/PDFs/BHen.pdf
Tentative Lending Program:	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=351703
Information available in the files of RE3/EN3:	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=351467
Logical Framework:	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=351467
Procurement Table:	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=351467

PROJECT SUMMARY
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FINANCIAL TERMS AND CONDITIONS ¹					
Borrower: Commonwealth of The Bahamas (GOBH)			Amortization Period: 10 years		
			Grace Period: 3 years		
Executing Agency: Office of the Prime Minister (OPM)			Disbursement Period: 3 years (min/max)		
Source	Amount		Interest Rate: Libor		
IDB: (OC)	US\$3.5 million		Supervision and Inspection Fee: 0.0%		
Local:	US\$1.5 million		Credit Fee: 0.25%		
Total:	US\$5.0 million		Currency: US\$ Dollars Single Currency Facility		
PROJECT AT A GLANCE					
Project objective: The purpose of the project is to improve the efficiency of land administration and land information management while preparing modern land legislation and policy guidelines; and thereby contribute to the improved use of land resources.					
Special contractual conditions: Condition prior first disbursement: The establishment of the LUPAP’s Project Coordinating Unit (PCU) (see ¶ 3.9).					
Exceptions to Bank policies:		None			
Project consistent with Country Strategy:		Yes [x]		No []	
Project qualifies for:		SEQ []	PTI []	Sector []	Geographic [] Headcount []
Verified by CESI on:		September 17, 2004			
Environmental Social Review:		See ¶ 4.13-4.14			
Procurement:		See ¶ 3.21			

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount (*) (*). With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. FRAME OF REFERENCE

A. Background

- 1.1 The Bahamian archipelago extends over 100,000 sq.mi. of the southwestern edge off the North Atlantic Ocean and is comprised of some 700 islands and cays with a total land area of 5,833 sq.mi. There are 17 main inhabited islands and the country has a population of 316,000. Most of the population (66%) resides on New Providence with 16% of the population living on Grand Bahama. The remaining islands are sparsely populated with the most developed being, Andros, Eleuthera, and Abaco. Close proximity to the United States, a sub tropical climate, and extensive coral based white sand beaches have contributed to a vibrant tourism led economy of around US\$5 billion annually and a high degree of economic linkages between the two countries.

B. Land tenure in The Bahamas

- 1.2 Land tenure in The Bahamas is based on English law and practices mostly continued from colonial times. There are two main land tenure regimes¹: (i) private real property held by individuals as freehold; and (ii) Crown Land, which is held in trust by the Crown² on behalf of the Bahamian people. Crown Land accounts for approximately 70% of all land in the country with the remainder being private property. Crown Land can be divested either by a short or long-term lease agreement or through a rent to buy agreement, which can eventually result in the issuance of a Crown Grant. Of the approximately 3.45 million acres of Crown Land on the major islands, a little more than 32% has been allocated by the Government of the Bahamas (GOBH) over the years. Freehold land is secured by a deed of conveyance of rights to real property, which may be recorded in the Registry.
- 1.3 Land tenure security in the country is reduced by four key factors: (i) overlapping claims and rights to land as a result of property disputes and the lack of a parcel based cadastral map; (ii) uncertainty regarding ownership of land resulting from the person based and non-mandatory nature of the real property rights system and the questionable reliability of the information in the Registry; (iii) an outdated policy for Crown Land divestment and administration which does not promote an efficient use of these lands; and (iv) the existence of commonage and generational land.
- 1.4 Recent studies indicate that over 15% of all parcels are in dispute. This estimate is probably low since there is no comprehensive cadastral map of all parcels. Without a cadastral map showing the geographic location and physical extent of each parcel and its relation to adjacent parcels, which is linked to information on

¹ Government land is a third category, which is land that has been acquired by the Government from private individuals for public purposes.

² Her Majesty Queen Elizabeth II.

land ownership, it is difficult to determine where overlapping rights and claims exist. Since 1975 legislation requires that, when prepared, survey plans include precise geographic references as to the location and extent of the parcel. This legislation should facilitate the piecing together of individual parcel plans into a comprehensive cadastral map, however, not all surveys are filed with the government.

- 1.5 The deed recording system (Registry) used in The Bahamas records land transactions in chronological order and based on the names of persons involved in the transaction. This person-based system requires a time consuming and cumbersome backward search of the 'chain' of all previous transactions to determine the current ownership of the land. These searches result in long turn around time on land transactions (currently approximately nine months), and higher than necessary transaction costs as property attorneys charge clients more for searching records to provide an opinion of clear ownership.
- 1.6 Land tenure security is reduced since recording is not mandatory and as a result individual properties may be omitted from the Registry. Being a deed recording system, as opposed to a registration of title system, land transactions among parties are valid even if they are not recorded in the Registry. However, recording of transactions provides more security of tenure and the laws of the country provide an incentive to record because recorded transactions have legal priority. Moreover, even if a property is recorded, there is no requirement for recording subsequent transactions. Since the Registry has no responsibility for validating the information regarding the land (location, size and value) prior to recording, the reliability of the Registry information is open to question.
- 1.7 The person-based and non-mandatory nature of the deeds recording system and the resulting unreliability of the information of the Registry combine to reduce land tenure security, increase the cost of land transactions and decrease the efficiency of the land market. In technical terms, replacing the deeds recording system with a land title registration system may resolve the majority of these problems. However, changing the real property system is a long-term and major economic, legal, cultural and political undertaking. In the short-term, however, a major increase in land tenure security, as well as significant increases in efficiency, reduction in risk to investment, and improvement in reliability of information, can be achieved by establishing a parcel-based deed recording system accompanied by the installation of modern information systems and streamlined administrative procedures.
- 1.8 With as much as 70% of all land in the country administered by the GOBH, a clearly defined Crown Land policy is essential in order to improve land tenure security, and ensure the effective and sustainable use of land resources³. While standard administrative procedures are in place, allocation, administration and

³ The primary Crown Land tenancies are: (i) Crown Grants; (ii) Conditional Lease Purchases; (iii) Renewable Leases for agricultural, industrial or commercial purposes; and (iv) Annual License of Occupancy.

pricing are done on a largely ad-hoc basis⁴. In general, the process for allocating Crown Land is not well understood by the general public, and largely in part to the lack of a clearly stated GOBH policy, is open to the perception of unfairness and favoritism.

- 1.9 Two group tenure regimes are recognized, Commonage and Generational land. Commonage land was historically granted to a group of individuals and is still held in common by the heirs of the original community. Commonage land is limited to less than ten locations throughout the islands. This land is essentially inalienable, which limits its potential productive use and development. Generational land results when families neglect to probate estates generation after generation and the rights to the land become vested in an increasingly large group of descendants who are tenants in common of an undivided property. Due to the uncertainty of ownership, there is little incentive to improve or invest in the use of this land. The issue of ownership could be resolved through a proper legal administration of the estate; however, this is sometimes difficult within an extended family for obvious logistical and personal relationship reasons. The scope of generational land is not fully known, nor is its economic and social impacts.

C. Land administration

- 1.10 Land administration is the term used to describe the various processes for collecting, recording, using and disseminating information about the physical location and extent, the ownership, and the value of land. In the Bahamas, these cadastral, registry and property taxation processes are outdated; the responsibility for carrying them out is divided among various agencies, which are not coordinated; and the systems for managing and disseminating land information are not integrated. To achieve efficiency and effectiveness in administering land and to improve and expand land administration services to the public and private sector, these processes need to be streamlined and an integrated parcel-based system for land information management developed.
- 1.11 The majority of land information used by the government is outdated or incomplete, is scattered among various government agencies and much of it is in paper form, which limits its accessibility and use. Various agencies collect the same land information to meet their specific needs. This uncoordinated effort causes inconsistency and inaccuracy, duplication of efforts and higher costs. Due to the lack of data standards, rules for interagency data sharing and clear responsibilities for data upkeep and maintenance, integrated management and use of land information to improve land administration, help to resolve competing land development needs and guide rational and sustainable land and development policy is difficult.

⁴ Such as, no established criteria for determining successful applicants; no information on land available for certain uses; no clear criteria for establishing the length of lease, rental rates and sales prices; no prescribed time limits; no formal mechanism for informing of the status of the application; and no formal means for appeal.

- 1.12 Physical location and extent of land: There is no complete cadastral map of all private and Crown Land parcels in the country. In addition, the legislation regulating the collection and use of cadastral information has two major weaknesses. First, there have been significant technological advances in computerized surveying technology, and while the Land Surveyors Act does not preclude the use of this technology, greater benefits could be derived if the legislation was modernized to serve the needs of integrated land administration. Second, since the Act does not require survey plans to be recorded, overtime the cadastral records become unreliable.
- 1.13 Ownership of land: As previously presented (§1.5-1.7) the person-based character of the deed recording system hinders the referencing of land ownership information to the physical parcel and limits the ability to combine information on the location, ownership and use and value of land.
- 1.14 Value of land: In terms of managing information on the value of land, the implementation of an equitable real property tax policy that effectively generates revenue for government is hindered in three ways: (i) many properties are under-valued; (ii) tax rolls are incomplete; and (iii) collection is passive. While both Bahamians and non-Bahamians owning real property are required to pay, property held by Bahamians and located outside of New Providence is exempt.
- 1.15 Actual revenue from property tax in 2002-03 was US\$37 million with estimated US\$45 million revenue for 2003-04. This gap between actual collection and estimated potential tax revenue highlights that collection performance could be improved while a 2000 study put arrears of past due taxes and penalties at US\$156.5 million. Collection of real property taxes is passive and the government relies on capturing lost revenue when properties are transferred. This is done through the levy of a high transfer tax, which ranges from 0.75% to 8% as a percentage of property value⁵. High transfer taxes, combined with the non-mandatory nature of the land registry, provide strong incentives to not record property transfers, or to obscure true sales prices; thereby, reducing the reliability of land information and affecting revenue collection.

D. Land policy, planning and development in The Bahamas

- 1.16 Given the significant role nature-based tourism plays in the economy of the country, the sustainable use and rational development of land and coastal resources is vital to avoid long-term detrimental impact on the economy, the lifestyle and the culture of the country. Currently the natural resources are under pressure from unplanned and in some cases, difficult to sustain development. Government agencies responsible to plan for and make decisions regarding land development lack the necessary up-to-date geographic information to make informed decisions on specific and immediate projects, nonetheless to plan for

⁵ International experience shows that transfer taxes in countries with harmonious real property tax and transfer tax systems do not exceed 1%.

long-term sustainable development. As a result much of the government decision-making regarding land development is done in a vacuum without a real understanding of the carrying capacity of the infrastructure, the natural resources and the society of the affected area.

- 1.17 Within this setting, there is no integrated national land policy to ensure a pattern of growth and use of land that supports land development while addressing sustainability issues and environmental concerns. While land use planning and development is always important, particularly in the absence of a national land policy, land use planning and development control plays a pivotal role between land use and the protection of the environment and natural resources. In this regard, the existing land use planning and development framework for the country was not designed to address the type of development pressure which the country, and specifically the Family Islands, is currently experiencing and actively promoting as a strategy for economic development. As a result, the administrative and technical processes for planning and development control are not responsive to either the needs of the GOBH or the public sector.
- 1.18 The land use planning and development process is limited by three specific issues: (i) Zoning Orders, which are the only legislative tool to plan and regulate land development, have only been prepared for a limited number of specific areas of New Providence and none of the Family Islands; (ii) the Town Planning Act lacks regulations to guide the work of the Department of Physical Planning; and (iii) the capacity of local government, as well as the participation of civil society in the land use planning and development process are severely limited.

E. Public institutional and legal framework relating to land

- 1.19 Land Policy and The Office of the Prime Minister: The Office of the Prime Minister (OPM) has responsibility for cross-agency coordination and the development and implementation of national policy as a foundation for the strengthening of various productive activities as well as tourism and investment. Within this context, while there is no comprehensive national land policy, the OPM has an Under Secretary with responsibility for Crown Land divestment and acquisition of land for public purposes. The OPM has a total staff of 34 and is responsible for the Department of Lands and Surveys (DOLS) and Bahamas National Geographic Information Systems Center (BNGIS).
- 1.20 Land surveying and management of Crown Land: The administrative authority for land surveying, national mapping and geodetic control and management of Crown Lands is the DOLS. The DOLS is divided into four sections: (i) estate management, manages Crown land; (ii) research, in charge of investigating Crown Land records; (iii) surveying and mapping, examines and records cadastral surveys, maintains the geodetic infrastructure, and surveys Crown Land prior to divestment; and (iv) accounts, in addition of administrative functions, collects rents and fees from Crown Land as well as handling the sale of maps, plans and

copies of records. Currently the Department has a staff of sixty, forty of which fill technical positions in estate management and surveying.

- 1.21 As mandated through policy established by the OPM, the Director is primarily responsible for the management of Crown Lands through administrative procedures implemented by the Estates Section. This Section is staffed by a Chief Valuations Surveyor and five Estate Management Officers. In terms of cadastral surveying, as established by Land Surveyors Act the Surveyor General regulates public and private sector land surveying activities, as well as stores and maintains survey records for the country. These activities are implemented through the Surveying and Mapping Section that is staffed by seven surveyors, one cartographer, one photographer, eight draftspeople and eight technicians.
- 1.22 The surveying legislation establishes that the Surveyor General is also the President of the Land Surveyors Board, which is responsible for qualifying and registering land surveyors and advising the Prime Minister on any matter relating to land surveying. In addition, the legislation establishes the Bahamas Association of Land Surveyors, which is a corporate body that, among other activities, promotes proper technical and professional conduct of land surveyors and provides for opportunities for advancing the technical knowledge and training in the surveying field. The Association plays a critical role in land administration as non-government surveyors perform most of the cadastral surveying in the country.
- 1.23 Land and geographic information management: By Cabinet Decision effective January 2004, the BNGIS was established as a Unit within the OPM. The BNGIS serves as the GOBH's technical focal point for the collection and management of geographic information; is responsible to set and implement GIS policy including data standards and data sharing protocols; maintains a clearinghouse for the dissemination of geographic information to the public and private sector; and provides training in the use of geographic information systems technology to personnel in various government agencies. As an important part of its mandate, the BNGIS leads the way in the collection, integration, analysis and provision of geographic information for use in land use planning and monitoring of development. The BNGIS currently has a staff of five technical and administrative staff, and is managed by the Director of GIS.
- 1.24 Real property registration: The Registrar General's Department (RGD) is established by the Registrar General Act and has the legal responsibility for the recording of rights in land under the authority of the Registration of Records Act. The RGD, which is managed by the Registrar General and is a department in the portfolio of the Ministry of Financial Services and Investments is responsible for the maintenance of both the civil and property registries. The recording of real property is the responsibility of the Deeds and Documents Section of the RGD.
- 1.25 Assessment and taxation of real property: The Business License/Valuations Unit (Valuations Unit) of the Ministry of Trade and Industry is responsible for the

assessment of property values and taxation of real property in the country. The Valuation Unit is headed by the Chief Valuations Officer who administers the Real Property Tax Act and maintains the tax roll of taxable properties.

- 1.26 Land use planning and development: The Town Planning Act provides the legal basis for planning and development of land. The Department of Physical Planning (DPP) of the Ministry of Works and Utilities is responsible for land use planning and development control. While the vision and mandate of the Department is broad in terms of preservation, protection, development and use of natural resources of land, water and air, in practice the Department focuses on administering land-use and development control and less on strategic long-term planning for sustainable development of land. The functions of the Department include: (i) setting and enforcing land use controls; (ii) levying penalties and fines for non-compliance; (iii) formulating plans for the control and regulation of physical development; and (iv) providing technical planning assistance and advice to the Town Planning Committee. Controlling and regulating subdivision development and partitioning of properties is the responsibility of the Subdivision Unit within the Ministry of Works and Utilities.
- 1.27 Land administration in Freeport, Grand Bahama: Land administration in Freeport is the responsibility of the Grand Bahama Port Authority, Limited (GBPA). The Hawksbill Creek Agreement of 1955 (as amended) between the GOBH and the GBPA established the Port Authority as the entity responsible for land administration in the city of Freeport and Port Authority area, which comprises approximately 35% of the landmass of the island.

F. Strategy of the Bank

- 1.28 The Country Strategy of the Bank (GN-2290-1) as approved on March 10th, 2004 has identified the following principal areas of strategic focus for the country: (i) sustained economic growth and private sector development; (ii) social development and equity; (iii) environmental management; and (iv) public sector modernization. The Project seeks to directly improve, modernize and expand those government services that support private sector development, as well as to streamline government processes and provide policy options to improve environmental management. The objectives of the Project are consistent with the Bank's efforts of assisting the GOBH to achieve sustainable economic growth and private sector development and improving the management of natural resources.
- 1.29 As is consistent with the Country Strategy, the Project has been designed to be relatively small, straightforward to execute and to focus on providing a high-level of technical assistance to develop practical outputs that can be readily implemented. In addition, the Project has been designed with the importance of promoting sustainable development and providing social equity with the Family Islands in mind. As a result, much of the emphasis of the Project is dedicated to developing products and achieving results outside of New Providence.

G. Lessons learned

- 1.30 In an effort to improve impacts of the Project and reduce risks to successful execution, lessons learned from land policy research in the Caribbean, the design and execution of similar land-related projects in the region, as well as the results of Bahamas National Geographic Information Systems Project, (ATN/JC-5747-BH) have been taken into full consideration during the Project design phase.
- 1.31 In March 2003, the Bank co-sponsored a workshop on land administration and management in the English-speaking Caribbean. This workshop analyzed the land-related challenges faced by Caribbean countries as they seek to balance economic development, social equity and environmental protection objectives through the sustainable use of land resources. One of the main recommendations was the need for countries to take an approach, which improves land administration, develops efficient systems for securing land tenure and modernizes land legislation and institutions over the longer-term. It was highlighted that this longer-term approach should be built on clear government commitment and implemented through a series of incremental steps that are supported by project-based initiatives.
- 1.32 Recent experiences from the execution of land-related policy reform and investment operations in the Caribbean countries also confirm the need to take a longer-term approach to achieve the intended objectives. Developing and implementing operations in these countries have drawn attention to the prevailing linkage between land and political power. As a result, to be successful, land-related operations have to be founded in solid government willingness to overcome antiquated land policies and administrative procedures that are based on maintaining the *status quo*. In addition, operations that seek to modernize land administration must consider the presence of various weak and overlapping land institutions that are typically adverse to change, and as a result of historic under-funding require the injection of financial resources to update technical skills and to procure and implement the new technologies and systems required for effective land administration and management.
- 1.33 The results of ATN/JC-5747-BH were: (i) the physical establishment of the BNGIS; (ii) the procurement and installation of specialized computer equipment and software; (iii) training of over 100 public sector employees in the use of geographic information systems; and (iv) the collection, analysis and dissemination of geographic information related to land to various government agencies. While this operation achieved its expected results, once it was completed the sustainability of the BNGIS was jeopardized by GOBH's inability to: (i) formally identify an institutional home for the BNGIS; (ii) to provide adequate budget for its operation; (iii) to retain trained staff; and (iv) to formalize the mandate and function of the BNGIS. As a result, the subsequent departure of key technical staff left the BNGIS unable to continue effective operation and to meet its original mandate. This operation demonstrates the importance of these

issues for long-term sustainability and has been taken into consideration in the design of the project.

H. Government's strategy in the sector and basic concept of the project

- 1.34 The GOBH is committed to addressing key land issues, including: improving land tenure security; developing a land registration system; modernization of land legislation; studying impacts of commonage and generational land and improving the management and allocation of Crown Land. Supporting this commitment, a comprehensive study completed as part of ATN/JC-5747-BH made the following recommendations: (i) improve systems, procedures and data sharing to expand the provision of land administration services particularly for land surveying and Crown Land management, registration of land rights and taxation of real property; (ii) expand collection of primary land information, in particular for the Family Islands; (iii) improve the use of geographic information systems throughout government agencies; and (iv) begin the development of a comprehensive national land policy and improve land tenure security.
- 1.35 Based on these recommendations, the GOBH has developed a long-term strategy to begin addressing these issues. This strategy bears in mind the following: (i) the political, institutional and social sensitivities related to land in the country; (ii) considers the technical capacity of the agencies involved; (iii) seeks to expand the use of private sector surveyors to expedite the transfer of Crown Land; (iv) shifts the role of the Surveyor General from performing surveys to regulating and technically supervising the work of contractors; and (v) ensures that the results of this operation provide the foundations necessary to continue implementation of the strategy in the future.
- 1.36 The concept of the Project is to support GOBH's strategy by working in a stepwise manner to provide technical assistance and investment to meet immediate needs in land administration and land information management, while also completing studies to prepare the policy, legal and institutional recommendations needed to address broader land policy and land tenure issues in the longer-term. In regard to improving land administration, the Project will focus on New Providence and Grand Bahama due to their significance as the principal islands of the country. In terms of improving land information management for land use planning and sustainable development in the Family Islands, the islands of Abaco, Andros, and Great Inagua have been selected due to their individual natural characteristics, their lack of geographic information and as models of out islands facing future development pressure.

II. PROJECT OBJECTIVES AND DESCRIPTION

A. Purpose and goal

- 2.1 The purpose of the Project is to improve the efficiency of land administration and land information management while preparing modern land legislation and policy guidelines; and thereby contribute to the improved use of land resources.
- 2.2 Specific results of the Project will be: (i) modernization and expansion of the land administration services provided by government land agencies responsible for surveying, allocation and management of Crown Land, and the registration and taxation of real property; (ii) provision of geographic information for land use planning and monitoring of development; (iii) strengthening of the technical capacity of the government in collecting, analyzing and dissemination of land information; and (iv) preparation of policy options and guidelines for national land issues, including stakeholders feedback. Main indicators of successful LUPAP completion will be:
- a. Document recording time at Deeds Registry reduced from 9 to 2 months.
 - b. Time required for DOLS to make recommendations on Crown Land applications for Crown Land reduced from 3 to 1 month.
 - c. A 20% increase in number of properties on tax roll (from 70,000 to 84,000 properties).
 - d. A 40% increase in revenues generated from Crown Lands (from US\$1.0 to US\$1.4 million).
 - e. Information on land value, ownership and location linked for 75% of all parcels in New Providence and Grand Bahama (from zero to 70,000 parcels).
 - f. Modern land policy guidelines and legislation to be formulated and presented to the Government for discussion.

B. Project components

- 2.3 The LUPAP is a project with three standalone, but interrelated components, in addition to the provisions for the operation of the Project Coordinating Unit (PCU).

1. Land Administration Modernization (US\$3.32 million)

- 2.4 This component will improve systems, procedures and data sharing to expand the provision of GOBH land administration services at the DOLS, the RGD, Valuations Unit and the GBPA by designing, developing and installing a computerized Parcel Information Management System (PIMS) containing all properties on the islands of New Providence and Grand Bahama. The PIMS will

permit the collection, integration and use of data regarding the physical location and extent, ownership and value of individual land parcel. The Project will integrate data regarding the physical location, ownership and value of a total of 70,000 parcels from the four agencies⁶. As technical inputs for the development of the PIMS, the component will finance the acquisition of up to 339,000 acres of aerial photography⁷, the production of digital maps and geographic information system data bases of New Providence and Grand Bahama and the purchase of specialized computer systems and software to computerize approximately 1,500,000 pages of deeds and documents relating to private land (which represents approximately 10 years of property transactions), 560,000 documents and plans relating to Crown Land grants and leases, 3,700 subdivision and parcel survey plans and the tax records of approximately 70,000 properties. An important aspect of the system will be the ability to link information for property transactions, as well as to generate secondary information and statistics regarding characteristics of ownership such as percentage and value of women-owned properties.

- 2.5 The component also includes additional activities to improve land administration in general and the management of Crown Land in particular, these are: (i) development of a computerized information system for the management of Crown Lands; (ii) completion of a study to provide technical, legal and policy recommendations intended to rationalize the allocation, administration and pricing of Crown Lands; (iii) expand the role of private sector surveyors in the Crown Land allocation process by contracting them to survey up to 900 parcels of Crown Land; thereby allowing the issuance of approximately 750 Crown Land grants and leases; (iv) modernization of the geodetic infrastructure of New Providence, Grand Bahama, Andros, Abaco and Great Inagua to support more accurate and efficient cadastral surveying by the public and private sector surveyors; (v) acquisition of modern surveying equipment for the DOLS; (vi) completion of a training program for up to 25 public and private sector land surveyors in the use of modern surveying technology; (vii) conversion of historic archives of aerial photography to digital images; (viii) upgrading of office and specialized equipment in the DOLS; and (ix) development and implementation of a public awareness campaign for disseminating information regarding land tenure and land administration to civil society. In order to carry out the above activities, the component will finance consulting services, equipment, and training.

2. Land Information Management (US\$0.5 million)

- 2.6 Building upon the GOBH's reactivation of the BNGIS the component will improve the collection and management of land information to support land use planning and sustainable development of land resources. The component will

⁶ In some cases (estimated at 25% of all parcels), information on value, ownership or location may not exist, and therefore can not be linked.

⁷ The Government has completed the aerial photography and digital mapping of New Providence, which is required for the development of the PIMS.

provide the technical assistance needed to integrate existing land and geographic data from various government sources, as well as collect new data (including environmental and socio-economic data) to develop GIS-based geographical profiles of the islands of Andros, Abaco, and Great Inagua. These islands were selected to serve as models for the replication of geographic profiles on other Family Islands by the government in the future. Their socio-economic and environmental characteristics represent a meaningful sample for developing the models of the geographic profiles.

- 2.7 The component will also improve the use of geographic information systems throughout government agencies and expand its use to the Family Islands by: (i) development of a national GIS Policy including the establishment of geographic data standards and data sharing protocols; (ii) organization and presentation of annual GIS users conferences; (iii) completion of a training program in the use of GIS for 25 participants; (iv) upgrading of specialized computer hardware and software in the BNGIS; and (v) installing limited GIS systems and data bases at the Local Administrator's Offices on Andros, Abaco, and Great Inagua. In order to carry out the above activities, the component will finance consulting services, equipment, and training.

3. National Land Issues and Policy Guidelines (US\$0.29 million)

- 2.8 This component will begin the development of a comprehensive national land policy by completing an analysis of the following five overriding land policy issues: (i) improving land tenure security; (ii) reform and modernization of land legislation; (iii) rationalization of institutions for land administration; (iv) development of an integrated land use planning process; and (v) improving real property valuation and taxation. These issues will be analyzed considering legal, technical, institutional, economic, social and environmental aspects and a set of policy options will be prepared from the recommendations. A series of focused and general consultations with civil society, principally at the local and Family Island level, will provide feedback on the results of the analysis and policy options. Following consultations with civil society final guidelines will be generated and used as the foundation for the country's land policy. A facilitator will be contracted to plan and implement the consultation process. In order to carry out the above activities, the component will finance consulting services.
- 2.9 As a result of the study related to improving land tenure security, the cost and benefits and professional and civil society acceptance of migrating from the deeds recording system to a registration of land title will be analyzed. Included in the study to reform and modernize land legislation, draft legislation to modernize the Land Surveyors Act and to reflect the management of real property records on a parcel-basis, as well as regulations for the Town Planning Act will be prepared. In addition, as part of the rationalization of institutions for land administration study, an analysis of the potential benefits of consolidating the cadastral surveying, Crown Land management, property rights registration, real property assessment and taxation and GIS agencies into a National Land Agency will be completed.

- 2.10 The land use planning process study seeks to rationalize and improve the land use planning and development control process used in the country, specifically in relation to improving responsiveness in relationship to desired development and enforcement of regulations to avoid unwanted and unsustainable development. In addition the study will provide recommendations for streamlining administrative procedures related to the planning, inspection and permitting process, develop a framework for integrated planning and development that incorporates land use planning and coastal zone management while increasing public participation in the planning process. The property taxation study will provide government with institutional, technical and process reform options needed to continue the implementation of a real property taxation system that is both equitable to property owners and effective in generating revenues.

4. Project Coordinating Unit (PCU), Supervision and Administration (US\$0.36 million)

- 2.11 The management of the implementation of the project will be under the responsibility of a Project Coordinating Unit within the OPM (the PCU), as explained in the next chapter. The costs for the PCU amounts to US\$0.36 million (7.2% of total LUPAP cost), during the three-year execution period. Project funding will be used to cover the operational costs of the PCU, equipment necessary for the operation of the unit, and the hiring of short-term specialized technical consultants as required to address specific issues during Project execution.

C. Cost and financing

- 2.12 The total cost of the project is US\$5 million of which the Bank will finance US\$3.5 million (70%) and the local counterpart amounts to US\$1.5 million (30%), as shown below:

Table 2.1
LUPAP Cost and Financing (in US\$000)

Categories	IDB	Local	Total	(%)
1. Administration and supervision (PCU)	111	250	361	7.2
2. Direct Costs	3,154	954	4,108	82.2
a) Land Administration Modernization	2,363	954	3,317	66.4
b) Land Information Management	504	0	504	10.1
c) National Land Issues and Policy Guidelines	287	0	287	5.7
3. Concurrent costs (evaluation)	70	0	70	1.4
4. Contingencies	165	0	165	3.3
5. Financial Costs	0	296	296	5.9
a) Interest	0	284	284	
b) Credit Fee	0	12	12	
c) Supervision Fee	0	0	0	
Total	3,500	1,500	5,000	100.0%
Percentage (%)	70.0	30.0	100.0	

III. PROJECT EXECUTION

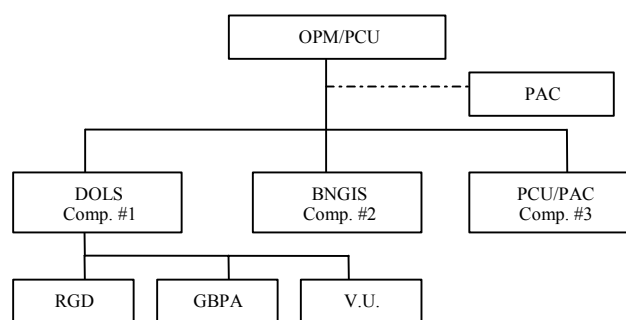
A. Borrower and Executing Agency

- 3.1 The borrower will be the Commonwealth of The Bahamas. The Executing Agency for the Project will be the Office of the Primer Minister (OPM). The OPM, as mentioned in ¶1.19, has the responsibility for Crown Land divestment and for the acquisition of land for public purposes. OPM is responsible for Department of Lands and Surveys (DOLS) and the Bahamas National Geographic Information Systems Center (BNGIS).

B. General organization and responsibilities for execution

- 3.2 The OPM, with the support of the Project Coordinating Unit (PCU), will be ultimately responsible for the execution of the Project. This Project Coordinating Unit (PCU) will be established within the OPM to manage the execution of the Project along with the support of DOLS and BNGIS. DOLS will be responsible for the implementation of the Land

Figure 1: LUPAP Organizational Structure



Administration Modernization Component with the participation of RGD, Valuations Unit, and GBPA. DOLS will allocate its own staff who are technically qualified to undertake the necessary responsibilities. Likewise, BNGIS will be responsible for the implementation of the Land Information Management Component. The Center has recently been reactivated and strengthened, and is capable of conducting the responsibilities of this component. The PCU will implement the activities of National Land Issues and Policy Guidelines Component. The Project Advisory Committee (PAC) established by the OPM to support the design and development of the Project will continue to serve as a technical review and advisory body during execution.

1. Office of the Prime Minister (OPM)

- 3.3 The OPM will select a Project Coordinator, who will be responsible for the daily operation of the PCU. The Project Coordinator will report to the Permanent Secretary of the OPM. The OPM will approve the Annual Work Plans and budgets. In coordination with the PCU, the OPM will be responsible for all procurement and bidding activities associated with the Project, administer the disbursement of funds for the different components, and consolidate the Project accounting. The OPM, with the support of the PCU, will report on Project performance on a semestral and annual basis to the Bank.

2. The Project Advisory Committee (PAC)

- 3.4 The PAC is chaired by the Permanent Secretary of the OPM and includes Director-level representatives from the beneficiary and project partner agencies: DOLS, BNGIS, RGD, DPP, Valuations Unit, Attorney General's Office, GBPA (issues as related to the PIMS) and the Ministry of Finance. The Project Coordinator will serve as secretary to the PAC. The PAC will meet as often as is necessary to: (i) review monthly or other progress reports on Project implementation; (ii) review Annual Work Plans and budgets; (iii) review results of studies of Component #3 and recommend land policy guidelines to the OPM; and (iv) promote inter-organizational cooperation and resolve inter-agency conflicts that may arise during execution.

3. The Project Coordinating Unit (PCU)

- 3.5 The PCU will be responsible for coordinating the technical, budgetary and managerial functions of the Project. The PCU is justified by the need to coordinate the implementation of technical activities as well as ensure the completion of the administration and procurement activities, consistent with the objectives and calendar of execution of the Project. The PCU will have the following responsibilities:
- 3.6 Technical: (i) preparing the Annual Work Plans and presenting them for the review of the PAC and the approval of the Permanent Secretary of the OPM; (ii) develop procedures for collecting and analyzing information from the various agencies involved in the Project on a periodic basis to allow monitoring Project benchmarks and overall evaluation of results and report on execution progress; (iii) preparing Terms of Reference and supervising the execution of activities under Component #3; (iv) ensuring the timely preparation of Terms of Reference by DOLS and BNGIS for activities of Component #1 and #2; (v) preparing the Project performance reports; (vi) coordinating the preparation of bidding documents, and the evaluation of proposals and bids; and (vii) assisting the OPM in the procurement of goods and services in accordance with Government and Bank procurement policies.
- 3.7 Budgetary: coordinating the preparation of the Project budgets; (ii) analyzing the variance between actual expenditures and budgets; and (iii) rendering support and coordinating with the OPM the preparation of disbursement requests.
- 3.8 Managerial: (i) ensuring the establishment and compliance of Annual Work Plans in accordance with the objectives of the Project; (ii) convoking the PAC as requested by the Permanent Secretary of the OPM; (iii) promoting coordination, communication and integration among various agencies and beneficiaries; (iv) serving as liaison with the Bank and other Government agencies; and (v) disseminating information regarding the project to the private sector, related professional associations and civil society.

- 3.9 To carry out the above functions, the PCU will consist of a Project Coordinator and an Administrative Assistant. Personnel will be transferred from within the Government Service or recruited locally on a competitive basis. The selection of the Project Coordinator is subject to the Bank's no-objection. OPM will provide the PCU with adequate workspace and furniture. **The establishment of the PCU, including the appointment of the Project Coordinator⁸ and Administrative Assistant, pursuant to the terms of reference previously agreed with the Bank, will be a condition prior to first disbursement.**

C. Implementation of the Project Components

1. Component 1: Land Administration Modernization

a) General Aspects

- 3.10 With the support of the PCU and the other agencies related to the component (RGD, GBPA, and Valuations Unit), the Director of the DOLS will ensure that the overall objectives and benchmarks of the Component are achieved. For this, the following functions will be undertaken by the Director: (i) in coordination with the PCU prepare Annual Work Plans and the information for requesting Project funds; (ii) identify, select and ensure the appointment of a team of technicians including from DOLS (one surveyor and one survey technician), RGD (one registry clerk), GBPA (one property technician and one deeds clerk), the Valuation Unit (one property tax specialist), and OPM in the island of Grand Bahama (one property technician) to develop the PIMS; (iii) in close collaboration with the Surveyor General, ensure compliance with the Memorandum of Understanding (MOU) between the Bahamas Association of Land Surveyors and the Land Surveyors' Board; (iv) ensure compliance of the DOLS, RGD, and the Valuations Unit with the 'Administrative Procedures to Improve Land Administration' as needed for the development and proper functioning of the PIMS; (v) ensure compliance with the MOU between OPM and GBPA; (vi) prepare in coordination with the PCU the Terms of Reference and technical specifications for the contracting of specialized consulting services and for the acquisition of equipment and software; (vii) ensure the technical acceptance, quality and delivery of the aerial photography and digital maps needed for the development of the PIMS; (viii) assist the PCU in the evaluation of bids and proposals related to contracting of consulting services and goods; (ix) undertake the technical monitoring, supervision and quality control of contracts; (x) prepare and present to the PCU and OPM financial reports; and (xi) prepare and present to the PCU, in coordination with RGD, GBPA, and Valuations Unit, technical reports of component performance on a semestral and annual basis.

⁸ A Project Coordinator has been pre-identified during Project preparation.

b) Coordination for the Parcel Information Management System

- 3.11 Institutional cooperation among the DOLS, RGD, Valuations Unit and the GBPA is critical to improve the overall effectiveness of land administration now, and to develop and maintain the PIMS during and after the Project. To ensure this institutional cooperation, administrative procedures were developed during Project preparation and approved by the Government in July 2004. The Director of Lands and Surveys in coordination with the Registrar General, and the Chief Valuation Officer of the Valuations Unit will be responsible to ensure compliance with these procedures by the respective agencies.
- 3.12 Given that the GBPA is not a central Government agency, an MOU between the OPM and the GBPA was signed and entered into effect on October 21, 2004. The MOU defines the roles and relations between OPM and the GBPA at the operational level and between DOLS and the GBPA at the technical level so as to ensure general collaboration during Project execution. This MOU also defines the rules regarding the flow, sharing and dissemination of land information between GBPA and the Project as well as to other Government agencies on the island of Grand Bahama.
- 3.13 Additionally, an MOU between the Land Surveyors Board (Surveyor General) and the Bahamas Association of Land Surveyors was signed and entered into effect on October 21, 2004. The MOU facilitates the collection of unrecorded survey plans that are in the possession of individual private sector land surveyors.

2. Component 2: Land Information Management

- 3.14 With support from the PCU, the Director of the BNGIS Center will ensure that the overall objectives and benchmarks of the component are achieved. For this, the following functions will be undertaken by the Director: (i) in coordination with the PCU prepare the Annual Work Plans and the information for requesting Project funds; (ii) prepare in coordination with the PCU the Terms of Reference and technical specifications for the contracting of specialized consulting services and for the acquisition of computer equipment, software and satellite imagery; (iii) identify, select and ensure the appointment of a GIS Analyst and two GIS Technicians to develop the geographic profiles; (iv) assist the PCU in the evaluation of bids and proposals related to contracting of consulting services and procurement of goods; (v) undertake the technical monitoring and supervision of consulting services; (vi) undertake the monitoring, supervision and quality control of consulting and special service contracts; (vii) organize and coordinate the presentation of three annual GIS Conferences; (viii) organize GIS training for up to 25 participants; (ix) coordinate with local government administrators to ensure the procurement and installation of GIS systems and databases in the local government offices; (x) prepare and present to the PCU and OPM financial reports; and (xi) prepare and present to the PCU technical reports of component performance on a semestral and annual basis.

3. Component 3: National Land Issues and Policy Guidelines

- 3.15 The Project Coordinator of the PCU will ensure that the overall objectives and benchmarks of the component are achieved. For this, the following functions should be undertaken: (i) in coordination with the PAC prepare the Annual Work Plans; (ii) undertake the monitoring and supervision of the execution of the component; (iii) prepare in coordination with the PAC the final Terms of Reference for the contracting of specialized consulting services; (iv) carry out the contracting of the consulting services, and undertake the monitoring and supervision of these services; and (v) ensure that the PAC reviews the results of the studies and recommends policy guidelines to the OPM. Indicative Terms of Reference for the formulation of the national land policy guidelines were prepared during Project preparation.

D. Planning, budgeting and disbursement schedule

- 3.16 An Initial Report has been prepared during Project preparation and will guide Project execution for the full duration of the Project. Annual Work Plans will be prepared jointly by the PCU and affected agencies, and will describe the specific activities to be undertaken to achieve each output, the timeframe for implementation, and the entity or individual responsible for executing each activity. The Annual Work Plans will also contain detailed annual and quarterly budget estimates. In accordance with GOBH budgetary process, subsequent Annual Work Plans will be presented to the Bank within the second quarter of each calendar year for the following year. The Annual Work Plan for the first year of Project Execution will be presented along with the Initial Report referred to in the General Conditions of the Loan Contract.

Table 3.1
LUPAP Estimated Disbursement Schedule (in US\$000)

Categories	Year 1	Year 2	Year 3	Total
1. Administration and supervision (PCU)	137	113	111	361
2. Direct Costs	1,619	1,976	513	4,108
a) Land Administration Modernization	1,351	1,498	468	3,317
b) Land Information Management	196	263	45	504
c) National Land Issues and Policy Guidelines	72	215	0	287
3. Concurrent costs (evaluation)	0	0	70	70
4. Contingencies	42	61	62	165
5. Financial Costs	33	102	161	296
Total	1,831	2,252	917	5,000
Percentage (%)	36.6	45.0	18.4	100

Table 3.2
LUPAP Execution Schedule

Project Activities	Prior	Year 1				Year 2				Year 3			
		1	2	3	4	1	2	3	4	1	2	3	4
1. Administration, Supervision and Evaluation													
2. Components													
a) Land Administration Modernization													
Aerial photography & mapping of Grand Bahama													
Development of PIMS databases													
Design, development and installation of PIMS													
Development of Crown Land Management System													
Crown Land allocation policy and pricing study													
Reestablish geodetic infrastructure and training													
Crown Land surveys													
Digital conversion of air photo archive													
Public awareness campaign on land administration													
b) Land Information Management													
Development of geographic profiles													
National GIS policy study													
GIS users conferences													
GIS training program													
Installation of GIS at local government offices													
c) National Land Issues & Policy Guidelines													
Land policy issues, options and guidelines study													
Facilitation of land policy dialog with civil society													

E. Recognition of previous counterpart expenditures

- 3.17 The Government has already committed US\$0.7 million for the Project to be considered as a local counterpart, of which is requesting the recognition of expenditures for a total amount of up to US\$0.3 million. These expenditures have enabled the Government to put in place activities that are essential to meeting Project objectives, prior to the initiation of the Project. Outputs from these activities will also permit a rapid start-up of the Project after eligibility. During the Analysis Mission a review of the technical quality, price and procedural aspects of these expenditures was undertaken to ensure compliance with Bank policy. These expenditures are: (i) acquisition of aerial photography and digital mapping for Grand Bahama; (ii) procurement of software, equipment and training to implement a system for Crown Land Management; and (iii) computerization of existing microfilm records of survey plans and notes.

F. Financial management and Revolving Fund

- 3.18 Management of the Project's financial resources will be the daily responsibility of the Finance and Account Officer of the OPM, with the support and coordination with the PCU, and in accordance with the standard financial and accounting practices of the GOBH and the Bank. The Permanent Secretary of the OPM will have the overall responsibility for managing the Project's financial resources. The OPM will be responsible for: (i) preparing and submitting the disbursement requests and corresponding justification to the Bank; (ii) preparing and submitting

the Project's annual financial statements to the Bank; (iii) ensuring the timely contribution of counterpart funds; (iv) maintaining adequate financial and accounting records of Project funds and internal control systems to allow for verification of transactions, identification of sources and use of Project funds; (v) providing the documentation to verify transactions and to facilitate timely preparation of financial statements and reports; and (vi) maintaining adequate disbursements support and documentation filing system, which must always be available for review by the Bank.

- 3.19 The revolving fund will amount to 5% of the value of the loan. The OPM will present every semester to the Bank a statement of the movement of resources of this fund. The GOBH will establish and maintain a separate and specific bank account in the Central Bank of the Bahamas for the purposes of managing the Bank loan funds. The local counterpart resources will be allocated in the National Budget, funds will be drawn down by the OPM as they are required for eligible Project expenses.

G. External audit

- 3.20 The Executing Agency will prepare and submit to the Bank, within 120 days after the closing date of each fiscal year and within 120 days after the date of the last disbursement of the financing, the financial statements of the project, audited by the Auditor General of the Commonwealth of The Bahamas, based on the terms of reference previously approved by the Bank (Document AF-400).

H. Procurement

- 3.21 Bank procedures will be followed in the procurement of goods and consulting services. Internationally competitive bidding will be followed for procurements of goods and consulting services valued over US\$200,000. Bidding for items valued below these amounts will be carried out in accordance with national procurement policies and procedures. Consultant services will be hired in accordance with Bank procedures. To expedite early compliance with all Bank procurement requirements, the OPM's Finance and Accounting Officer and PCU's staff will attend a Bank procurement training session prior to execution of the Project or as soon as possible thereafter.

I. Supervision

- 3.22 The Country Office in The Bahamas will take primary responsibility for the Bank's supervision of the Project. The Bank will establish inspection procedures that include periodic evaluation reviews to verify compliance with agreed measures and benchmarks. The Country Office shall undertake annual reviews with the participation of the Project Team and the PCU. These reviews will cover the following topics: (i) progress in the execution of the components; (ii) evaluation of the PIMS; (iii) analysis of problems encountered and search for

solutions; (iv) support in the preparation of the work plans; and (v) comparison of the baseline indicators and benchmarks with Project performance.

J. Monitoring and evaluation during Project implementation

- 3.23 Project implementation will be monitored through the following instruments: (i) the presentation and monitoring of Annual Work Plans; (ii) the implementation of annual Administration Missions; (iii) the progress reports generated by the DOLS, in coordination to RGD, Valuations Unit and GBPA, and BNGIS; and (iv) the commission of an independent final evaluation. All the monitoring and evaluation exercises will be based on the performance analysis of the set of indicators developed during Project preparation (Logical Framework). The baseline data was completed during Project preparation.
- 3.24 Final evaluation: A final evaluation will be undertaken with Project resources, when 90% of the disbursement of the loan resources has taken place. The evaluation will consider the execution of the Project from a technical, institutional and financial point of view and will analyze the evolution of the main indicators as presented in the logical framework.

Table 3.3
Benchmarks and Performance Indicators

Indicator	Baseline	End of Project
RGD Document recording time (months)	9	2
Time required for DOLS to make recommendations on applications for Crown Land (months)	3	1
Number of properties on tax roll	70,000	84,000
Revenues generated from Crown Lands (US\$ million)	1.0	1.4
Parcels in New Providence and Grand Bahama incorporated into PIMS	0	70,000
Geographical profiles	0	3
Number of surveyors and GIS technicians trained in surveying technologies and GIS, respectively.	0	50
Modern land policy guidelines	No	Yes

- 3.25 The OPM will collect, store and retain all necessary information on indicators and evaluation parameters, including the annual plans, the mid-term review, and final evaluations, to help the Bank to prepare the Project Completion Report.

K. Operation and maintenance

- 3.26 Operation and maintenance of all equipment and maintenance of all software licenses purchased or developed and provided to the DOLS and the BNGIS will be the responsibility of the OPM. Specifically in regard to the equipment and software developed for the PIMS, each individual agency, DOLS, RGD, Valuations Unit and GBPA will be responsible for operation and maintenance of the system and upgrading of software licenses after Project completion.

IV. PROJECT VIABILITY AND RISKS

A. Technical viability

- 4.1 The design of the technical aspects of the Project have taken into consideration the lessons learned from the design and execution of similar land sector operations in the region, and in particular the experiences of ATN/JC-5747-BH. Each of the technical activities included address a specific product, system or study needed to meet the objective of the Project, as well as to put in place foundational elements for broader and longer-term impacts as previously presented in ¶1.32 and ¶1.33. Where practical and beneficial, the Project seeks to team Government technicians with contracted technical experts to meet the objectives of the Project in a viable manner. For example, in the three main technical activities of the Project: (i) development of the PIMS for New Providence and Grand Bahama; (ii) reestablishment of the geodetic infrastructure; and (iii) development of geographic profiles, government teams will work together with contractors to complete Project activities while developing the in-house institutional capability to replicate these activities on other islands.
- 4.2 As mentioned previously (¶1.7 and ¶1.10), the development of a parcel-based system for managing land records is an essential step for improving land administration now, as well as providing for a common, consistent and digital data base of land information to facilitate a possible shift to a land title registration system in the future. At the core of the Land Administration Modernization Component, and the largest single expenditure, the Project will finance the technical, administrative and institutional steps required to develop and implement a computerized PIMS, as well as develop databases for the islands of New Providence and Grand Bahama. The PIMS will permit the collection, integration and use of data concerning the physical location and extent, ownership and value of each parcel of land on the two subject islands. Once fully developed, the PIMS will become a management tool to be used primarily by the DOLS, RGD, Valuations Unit and GBPA to modernize and expand the provision of land administration services.
- 4.3 The PIMS will consist of the following three core elements: (i) a digital data base, including alphanumeric and geographically referenced information, related to each parcel of land by a unique parcel reference number; (ii) a system of computers, specialized GIS-based software and peripheral equipment installed in the four key agencies; and (iii) standard administrative rules and procedures to be used by the four agencies for collecting, using, sharing and disseminating information to public and private sector users. To develop the digital parcel data base for New Providence and Grand Bahama, the Project will finance activities to integrate data from four main sources: (i) recently acquired 1:5,000 and 1:20,000 scale color aerial photography, digital orthophotomaps and digital GIS data; (ii) existing property valuation information and tax roll data bases; (iii) recorded deeds and documents; and (iv) existing cadastral surveys and plans.

B. Institutional viability

- 4.4 The OPM that has over arching responsibility for cross-agency coordination and the development and implementation of national policy will be the Executing Agency for the entire project through the PCU, which will be established in OPM. The leadership and overall direction of the OPM will be especially valuable given the fact that it also retains the responsibility for Crown Land divestment as well as for the acquisition of land for public purposes, and the coordinating entities for the Project, the PCU, DOLS and BNGIS will be all under the OPM and subject to its leadership and direction.
- 4.5 The DOLS that will be responsible for the implementation of Component #1 is a well staffed and adequately financed institution. Additional specialist-technical personnel required for the implementation of the component will be contracted, while others will be transferred from within the civil service, to complement and reinforce the department's existing capacity.
- 4.6 For the institutional cooperation aspect of Component #1, the Government has approved administrative procedures that will improve the effectiveness of the PIMS, as well as facilitate its maintenance and ensure the integration for the different agencies around the system. The institutional cooperation on PIMS will also be strengthened by the establishment of a MOU between OPM and GBPA and between the Land Surveyors Board and the Bahamas Association of Land Surveyors.
- 4.7 For Component #2, the BNGIS Center has been reactivated and strengthened during Project preparation through a technical cooperation (ATN/KC-8560-BH) that is providing managerial and technical advisory services in land information management, technical training, development of a strategy for sustainability of the Center and transferring technical and managerial skills to the Manager and technical staff. In addition, Government has formalized the mandate of the BNGIS, staffed the Center with technical specialists and trainees, has undertaken to provide financial resources for its operation, has acquired state of the art equipment and has renovated the BNGIS Center building. The BNGIS is therefore equipped to carry out the activities included in the land information management component.
- 4.8 The PAC established by the GOBH to support Project design and development will continue to serve as a technical review and advisory body to the OPM during execution of the Project. It is expected that the committee's active involvement as stakeholders in the design of the Project will serve to benefit the Project during its implementation. The PAC will provide for inter-organizational cooperation and the resolution of any inter-agency issues that might emerge during Project execution, so ensuring high level institutional coordination and cooperation of the diverse agencies involved in the Project.

C. Financial viability

- 4.9 Financing for the local counterpart for the Project totals US\$1.5 million. The Government has already allocated and committed US\$0.7 million to the Project. Future contributions to the Project will total US\$0.8 million over the execution period for the Project. Local counterpart has been budgeted for the 2004/05 in DOLS and OPM under the categories of personnel emoluments and special financial transactions. It is also important to mention that the consolidated budget for the OPM is of US\$6.3 million/year, including DOLS and BNGIS (US\$2.5 million).

D. Economic viability

- 4.10 Improved land administration and land information management will generate measurable results on efficiency gains through reducing the time for the recommendations for the applications of the Crown Lands by DOLS, and by reducing the document recording time at RGD. To estimate the gains the information only on agencies affected was taking into consideration: (i) the number of documents processed; (ii) the budget and staff involved of the Estate Management Section of DOLS and Deeds and Documents Section of RGD; and (iii) the time reduction for processing the documents. In the case of RGD the time for recording documents and deeds will be reduced from 9 to 2 months, and for DOLS the time for providing recommendation on applications for Crown Land will be reduced from 3 to 1 month. It was assumed that only 50% of the target of the time reduction for both agencies would be achieved to determine the gains. The gains, at economic prices, generated by the Project would be US\$5.3 million discounted at 12% over 10 years, resulting in a benefit/cost ratio of 1.32 and an economic rate of return of 15%. These results indicate the Project's viability. The Project will also develop other gains such as improving the efficiency of completing land transactions, providing more security to the documents, and better physical maintenance of the documents.
- 4.11 In addition, improved land administration will contribute to increase fiscal benefits, in financial terms. To estimate the incremental fiscal benefits the following was considered: (i) the increase in the number of parcels added to tax rolls, which will contribute towards increasing revenues from tax collection, and (ii) the increase in the efficiency in the collection from rents of leases and licenses of Crown Land. The returns from the increase of parcels in the tax roll are based on a conservative assumption that 20% of the parcels (2,800⁹) will pay property taxes after the end of the project for a period of five years because taxes are only payable when owners present a declaration of real property tax. Moreover, about 32% of those parcels are exempt from real property tax¹⁰, which means that 1904 parcels are potentially taxable. Based on the list of the value of owner-occupied

⁹ At the end of the Project it is expected an increase of 14,000 parcels in the tax roll; 20% of those parcels is 2,800.

¹⁰ Under the Government's current property tax policy, owner-occupied residential properties valued under US\$250,000 are exempt from property taxes.

residential properties an increase of property taxes of US\$4.7 million annually is expected as a result from the Project. This represents about 10% of the estimated property tax revenue for the year 2003/04.

- 4.12 With respect to the collection of rents on leases and licenses of Crown Land, an increase of 40% at the end of the Project from a baseline collection of US\$1 million is expected. This increase is based on the efforts to establish a computerized Crown Land rent billing and collection information system in the DOLS and from a policy shift to proactive billing of rents as opposed to the current passive rent acceptance approach once the system is installed. Thus, the present value of the returns from the increase in property tax revenues and rents collection discounted at 12% is US\$13 million.

E. Environmental and social viability

- 4.13 The Project will not generate any direct negative social and environmental impacts. It will foster opportunities to promote positive social and environmental impacts through: (i) establishing and implementing efficient and transparent procedures to improve the efficiency of the Crown Land management and allocation process; (ii) developing databases of geographical information for model Family Islands which are intended to guide sustainable land use and physical development decisions; and (iii) developing land policy guidelines that give due consideration to social and environmental issues in order to avoid or mitigate potential negative social and environmental impacts.
- 4.14 Potential environmental and social impacts of the proposed land policy guidelines will be assessed by means of a Strategic Environmental and Social Assessment (SESA) exercise that will start early on the process of the land policy guidelines definition. The guidelines to develop the SESA are included in the indicative Terms of Reference that will be used to develop the necessary studies that will define the land policy alternatives. The suggested guidelines to prepare the SESA include the need to promote broad and specific consultations with the affected groups including those under Commonage lands. At the end of the SESA exercise, the Government will be provided with the following information regarding the land policy alternatives: (i) the insertion of the proposed land policy alternatives in the overall policy/planning context; (ii) the environmental consequences of policy options and how these alternatives compare; (iii) the difficulties encountered in assessing the resulting uncertainty in the SESA results; (iv) recommendations on terms for approval and implementation of the proposed land policy, with clarification of trade-offs; and (v) arrangements for monitoring the policy implementation and post decision analysis.

F. Benefits

- 4.15 The Project will have the following main benefits which are expected to begin to address the various land related issues presented in Chapter One: (i) parcel-based and integrated information on land location, land ownership and land value

thereby improving land tenure security in general and the reliability of land records in particular; (ii) better access to land information thereby improving the efficiency of land administration in general and the recording of property transactions in particular; (iii) improved efficiency of Crown Land management and allocation thereby improving the use of the resource and its ability to generate revenue; (iv) improved equity and effectiveness in property taxation as a mechanism to increase the collection of revenue and promote the efficient and sustainable use of land resources; (v) up-to-date geographical information will be available for the private sector and government agencies to use in making land use planning and development decisions; and (vi) thorough understanding of overriding land issues, including their economic, environmental and social implications, to proceed with the task of developing a national land policy.

G. Beneficiaries

- 4.16 The direct beneficiaries of the Project are the government agencies responsible for the management, administration and planning of land, landowners in the country and private land surveyors, property conveyance attorneys, land developers and investors. As geographic information resulting from the project is used to make better decisions regarding the sustainable development of land, all Bahamians and visitors to the country will be indirect beneficiaries of the Project.

H. Issues and project risks

- 4.17 Institutional Cooperation for PIMS: Close institutional cooperation among the DOLS, RGD, Valuations Unit and the GBPA is needed to develop, implement and maintain the PIMS. To better ensure this cooperation the Government through the OPM developed and formalized new administrative procedures directly related to the PIMS in July 2004. These procedures define the roles and responsibilities of each of the key agencies both during and after the Project. In addition, an MOU between the OPM and the GBPA was developed. Finally, an MOU between the Land Surveyors Board and the Bahamas Association of Land Surveyors was established to provide privately-held information on property surveys to the Project for use in constructing the PIMS.
- 4.18 BNGIS Institutional Condition: The BNGIS is in a process of reorganization having been reactivated by GOBH in March of 2004. As such it is a new agency with a new director and staff, and is being provided with budgetary support directly by OPM, as it does not have a specific budget allocation within the 2004/05 national budget. These issues are being mitigated by the following: (i) technical assistance being provided under a Technical Cooperation (ATN/KC-8560-BH) is facilitating the reactivation of the Center; (ii) funding is being made available by OPM in a timely manner; (iii) the BNGIS Steering Committee, which represents GIS users from throughout Government, is being reestablished to provide guidance and inter-agencies initiatives and policy formulation; and (iv) inclusion of project financing for technical assistance to complete specific activities to ensure to the achievement of the Project objectives.